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OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

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OFFICE OF FEDERAL PROCUREMENT POLICY

AUG 1 2 1983

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MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Competition in Federal Procurement

In his memorandum of August 11, 1983 to the Heads of Departments and Agencies (attached), President Reagan directed that preference be given to competition in agency buying programs. He also directed that I issue a formal policy directive establishing Government-wide restrictions on the use of noncompetitive procurement practices. Enclosed for your review and comment is a proposed OFPP Policy Letter that results from the President's direction.

Please provide your comments to this office by October 21, 1983. Questions should be directed to Mr. William Maraist (202) 395-3300.

Donazo E. Sowle

Administrator

Enclosures



603/9



Attachment .-

THE WHITE HOUSE WASHINGTON

August 11, 1983

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Competition in Federal Procurement

Competition is fundamental to our free enterprise system. It is the single most important source of innovation, efficiency, and growth in our economy.

Yet, far too often the benefits of competition are excluded from the Federal procurement process — a process which now results in expenditures of over \$160 billion annually. Numerous examples of waste and exorbitant costs due to the lack of competition have been detailed by the Congress and the press during recent months.

Although efforts have been initiated by this Administration through the Reform '88 Management Improvement Program to correct this longstanding problem, I am convinced that more needs to be done. Consequently, I have directed Don Sowle, the Administrator for Federal Procurement Policy in the Office of Management and Budget, to issue a policy directive on non-competitive procurement to all departments and agencies. That policy directive will establish government-wide restrictions on the use of noncompetitive procurement and will be reflected in the government's procurement regulations. While such congressionally mandated programs as contracting with minority firms and handicapped persons will not be affected, the unwarranted use of noncompetitive practices must and will be curtailed.

Pending the formal issuance of this new policy by the Administrator, I call upon each of you to assure that competition is the preferred method of procurement in your department or agency.

Rosald Reagan